Name CHANGED, 1973, to STANDARD INDUSTRIES Ltd

STANDARD PAVING & MATERIALS, LIMITED

ANNUAL REPORT, MARCH 31, 1973

Standard Paving & Materials, Limited

1224 Lawrence Avenue West, Toronto, Ontario, M6A 1E4

Standard Paving & Materials, Limited — a publicly owned company — is one of the largest producers in Canada of basic construction materials other than cement. The company produces sand and gravel, asphalt mixes, ready-mix concrete, concrete pipe, concrete block, pre-cast manholes and dry-mix products for sale in markets covering most of Southern Ontario. It is also a paving and road-building contractor in Ontario and Nova Scotia.

The Company has 1,355 shareholders. Dividends have been paid in every fiscal year since 1948. The shares are listed on the Toronto Stock Exchange.

Contents

Annual Meeting

Shareholders are cordially invited to attend the annual meeting of shareholders of the company, which will be held on Thursday, June 14, 1973 at 11:00 a.m. in the Library, the Royal York Hotel, 100 Front Street West, Toronto, Ontario.

Jim Caylor, P.Eng., Property Manager, and John Stratton, Property Supervisor, at work on plans for development and rehabilitation of one of our future sources of aggregates.

They make a detailed study of each property before operations start, so as to ensure that the land will be ready for some other valuable use after the gravel reserves are used up.

FRONT COVER:

A stock-piling conveyor at the Pickering aggregates plant

The Year in Brief

PER SHARE	March 31 1973	March 31 1972
Income (before extraordinary profits)	$ 0.84	$ 0.45
Extraordinary profits	0.75	0.18
Net income	1.59	0.63
Dividends to shareholders	0.25	0.17½
FINANCIAL		
Income (before extraordinary profits)	$ 2,590,000	$ 1,381,000
Extraordinary profits	2,325,000	545,000
Net income	4,915,000	1,926,000
Dividends to shareholders	772,000	538,000
Sales	53,377,000	45,251,000
Capital investment during the year	7,610,000	5,562,000
Working capital at year end	4,203,000	4,567,000
STATISTICAL		
Number of employees — March	972	836
Number of employees — September .	1,526	1,530
Number of shareholders — March	1,355	1,360

Highlights of 1973

Income (before extraordinary profits) was the highest in the company's history, and 88% higher than in the previous year. Improved markets and good returns from recent new acquisitions and expansion contributed to the increase in earnings.

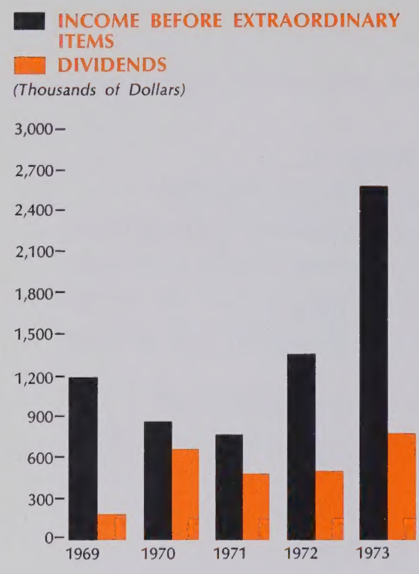
We expect a reasonable earnings improvement in the coming year.

Several properties no longer required for our operations, and a minor subsidiary, were sold. Extraordinary profits from these sales amounted to 75¢ per share.

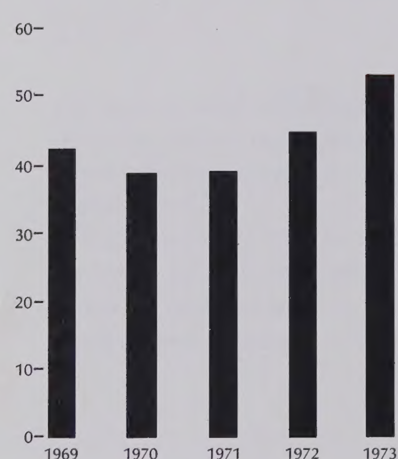
The quarterly dividend rate was raised to 6¢ (from 5¢) with the dividend declared September 27, payable October 31, 1972, and again to 8¢ with the dividend declared March 28, payable May 4, 1973.

The company acquired Oaks Precast Industries Limited of Guelph, Ontario on June 1, 1972, manufacturers of precast concrete manholes and other precast specialty items. This and other growth projects, including two ready-mix plants, a concrete block plant, a large asphalt plant in Hamilton, and a major new production facility for Oaks in northeastern Toronto, accounted for 40% of capital investment during the year.

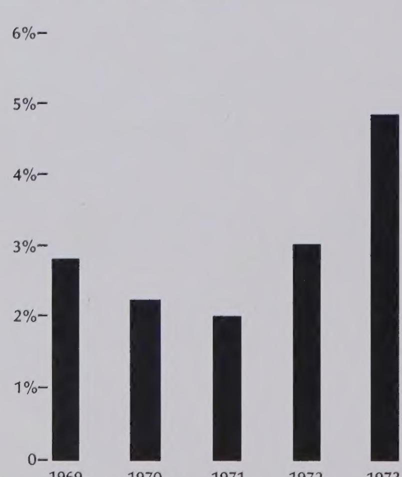
Directors' Report to the Shareholders



SALES
(Millions of Dollars)



RETURN ON SALES
(Income as per cent of sales)*



**Income before extraordinary items*

FINANCIAL REVIEW

(per share amounts reflect the 3 for 1 stock split of November 22, 1972)

Earnings and sales:

Income (before extraordinary profits) increased 88% to $2,590,000 (84¢ per share), from $1,381,000 (45¢ per share) last year. Sales increased 18% to $53,377,000, from $45,251,000 last year.

After a slow start in the first quarter, sales increased rapidly in the summer and fall months. An unusually mild winter resulted in sales during the last quarter 58% higher than in the same period of the previous year.

Quarterly sales and income:

	Sales ($'000)		Income ($'000)*		Income per share*	
	1973	1972	**1973**	1972	**1973**	1972
Quarter ended —						
June 30	**12,283**	12,622	**380**	199	**12¢**	6¢
September 30 .	**18,575**	15,472	**956**	314	**31**	10
December 31 ..	**14,534**	12,112	**769**	629	**25**	21
March 31	**7,985**	5,045	**485**	239	**16**	8
	53,377	45,251	**2,590**	1,381	**84¢**	45¢

* before extraordinary profits

Earnings were significantly better throughout the year for a combination of reasons. Increased product volume, higher productivity, contributions from recent acquisitions and better price structures, all played a part in improving the year's results.

Dividends: The quarterly dividend rate was raised to 6¢ per share (from 5¢) with the dividend declared September 27, paid October 31, 1972, and again to 8¢ per share with the dividend declared March 28, paid May 4, 1973. A dividend of 8¢ per share, declared on May 10, 1973, will be paid on August 3. Total dividends declared during the year ended March 31, 1973 amounted to 25¢ per share as shown by the following table:

Date Declared	Date Paid	Dividend Per Share
May 10, 1972	August 1, 1972	5¢
September 27	October 31	6
November 29	February 6, 1973	6
March 28, 1973	May 4	8
		25¢

In the year ended March 31, 1972, three dividends of 4-1/6¢ per share were declared and one of 5¢ per share, making a total for that year of 17½¢ per share.

Extraordinary profits: During the year several surplus properties were disposed of at a profit of $2,205,000 (71¢ per share). These included worked-out gravel properties, a former construction yard and plant site no longer required, and vacant land sold to municipalities for road improvements. Mortgages receivable were taken back, of which $940,000 was outstanding at March 31, 1973. The mortgages mature over nine years, or earlier if the properties are developed. The present phase of the property disposals programme is substantially complete.

Following a decision to withdraw from the marine sand business, the shares of a subsidiary company, National Sand and Material Company, Limited, were sold at a profit of $120,000 (4¢ per share). National Sand had contributed less than 5% of consolidated earnings in recent years.

Capital investment: Total net investment during the year was $7,610,000, consisting of fixed asset additions of $6,388,000 and purchase of subsidiary companies (less working capital at date of acquisition) of $1,222,000. These investments were financed by a $500,000 bank term loan, increases in other long-term debt of $1,194,000, and funds generated from operations and property disposals.

Growth projects accounted for $3,000,000 of the total investment of $7,610,000. These included the purchase of new subsidiaries, including Oaks Precast Industries Limited, new ready-mix plants at Windsor and Georgetown, a block plant at Sarnia, a major production facility north of Toronto for Oaks, a major new asphalt plant in Hamilton, and land for future plant locations.

In addition to these growth projects, the company also upgraded and expanded the ready-mix truck fleet and equipment fleet, acquired many gravel bearing properties to augment our aggregates reserves, built new sand and gravel plants at Guelph and Mono Mills, installed additional manufacturing equipment at both Concrete Pipe plants, and added more kilns at the Guelph precast manhole plant. Precurement programmes were accelerated and most of the new equipment for the coming season's operations was delivered during the winter months.

Depreciation and depletion for the year, at $2,908,000, is $557,000 greater than the previous year, reflecting the acquisition of Oaks Precast Industries Limited in May, 1972 and the capital expenditure programmes of the year and the previous year.

Working capital: The year closed with working capital at $4,203,000: this is down $364,000 from March 31, 1972, principally because of the accelerated capital expenditure programme in the final quarter.

Accounts receivable increased to $6,550,000 from $4,145,000 a year ago, reflecting the exceptionally high level of sales in the final quarter of the year. Inventories increased to $2,624,000 from $2,216,000, mainly because of the inclusion of Oaks' inventories. Payables of $6,490,000 — up from $5,008,000 — reflect the higher volume of the winter months as well as accelerated capital expenditures towards the end of the year.

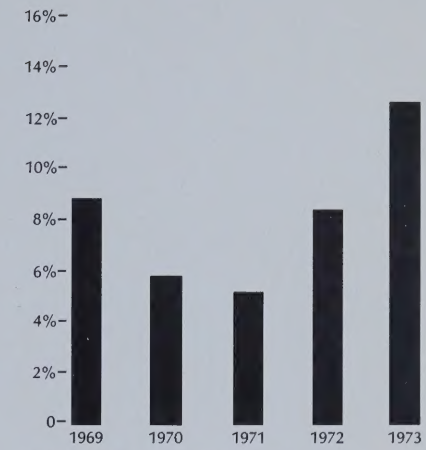
Shareholders' equity: The total amount of shareholders' equity increased to $20,416,000 ($6.60 per share) at March 31, 1973, from $16,533,000 ($5.38 per share) at March 31, 1972. The increasing acceptability of your company's stock to the investing public led your board to propose a 3 for 1 stock split in order to increase marketability and distribution of the shares. Shareholders confirmed the stock split at a special general meeting on November 22, 1972.

The final stage in rationalizing the corporate organization of the Standard group of companies was effected on April 1, 1973 with the statutory amalgamation of the company with its wholly-owned subsidiaries, S. P. & M. Materials Limited and Stouffville Sand & Gravel Limited. This completes the programme started in 1968 with the amalgamation of a number of then existing subsidiaries into S. P. & M. Materials Limited. The amalgamation eliminates two subsidaries which no longer served any useful purpose in our operations, and will enable your company to promote its own name more directly and effectively to its customers, as well as to shareholders and to the general public.

OPERATIONS — CONSTRUCTION MATERIALS

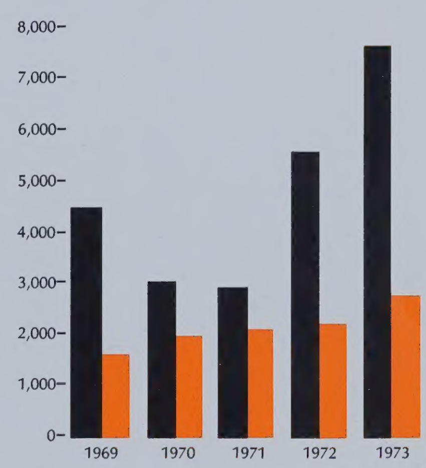
Sand & gravel: Improved operations and a better price structure resulted in higher earnings, although tonnage declined following the closure and

RETURN ON SHAREHOLDERS' EQUITY
(Income as per cent of shareholder's equity)*

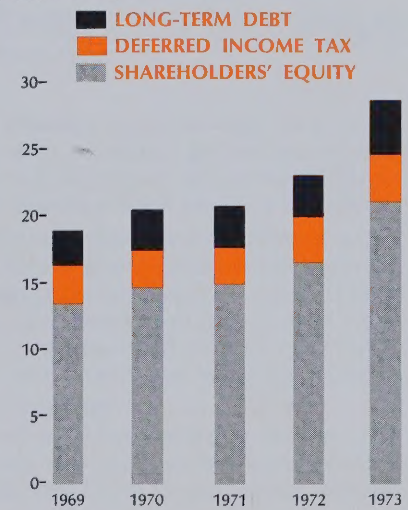


**Income before extraordinary items*

CAPITAL INVESTMENT
DEPRECIATION and DEPLETION
(Thousands of Dollars)



COMPOSITION OF INVESTED CAPITAL
(Millions of Dollars)



Ted Bowlby, Superintendent of our Pickering Plant, talks to his salesmen on two-way radio.

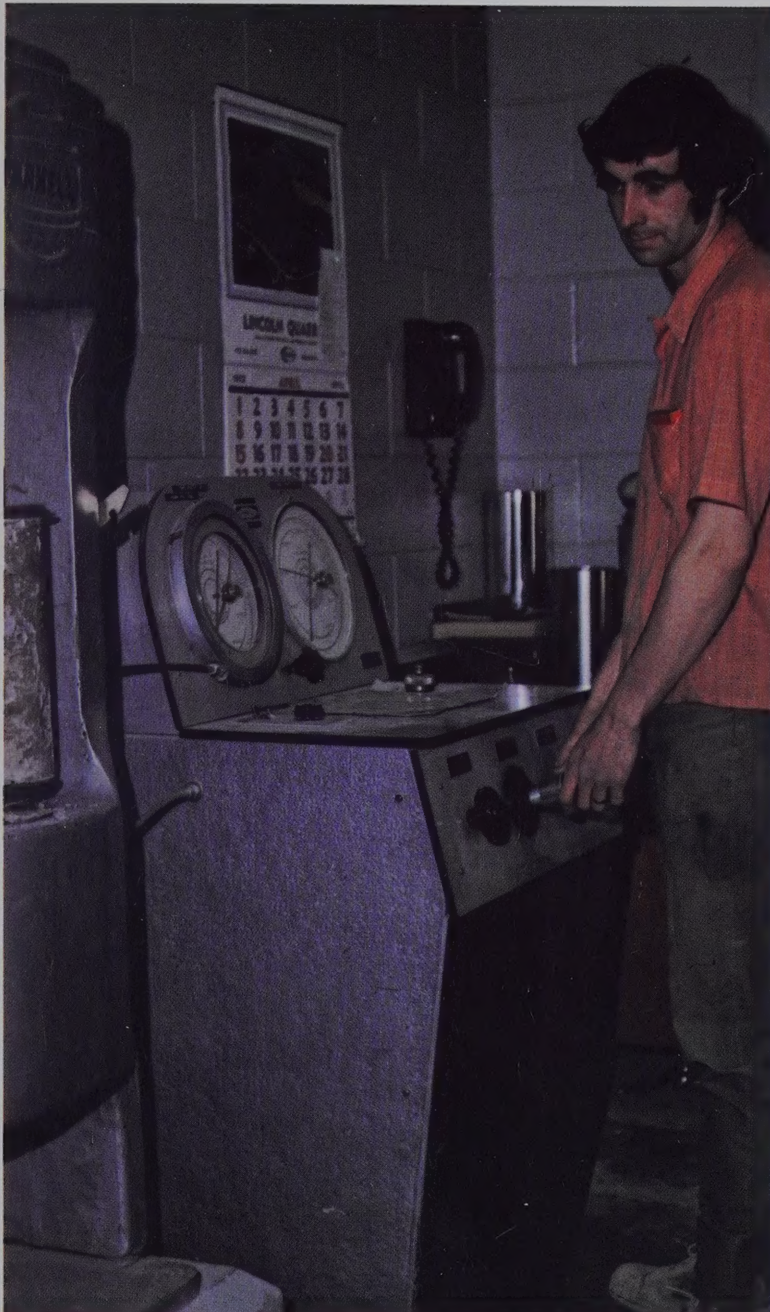
Jack Brigley checks the plant control console at the Pickering Aggregates Plant.

Joe Guitard, one of our crushing mill operators, inspects material to be fed into the plant.

sale of a worked-out gravel property in the Toronto area. At Guelph a new plant is just starting operations close to extensive recently-acquired reserves. Modifications to the Stouffville plant improved its efficiency, and a new installation at Mono Mills operated very successfully.

The property management department has for some time been implementing detailed operating plans for our pits with rehabilitation in mind from the start. A successful programme of progressive restoration is now in effect so as to ensure a prompt and beneficial re-use of properties when gravel reserves have been used up. We are also accelerating our programme of screening active operations from sight and sound as much as possible.

Ready-mixed concrete: The results of our operations outside the Toronto metropolitan area benefited from the wider markets now accessible to us following recent expansion. Our new plant in Georgetown has just been opened and we expect it will soon add its contribution to earnings.



Dave Stratton, laboratory technician, tests the compressive strength of a concrete test cylinder.

George Winston Churchill has worked with us for 24 years. Here he is getting ready to discharge concrete from his mixer truck.

Gordon Jones is a front-end loader operator. He is checking with the office what material he should load.

In the Toronto market, greater penetration of the very active suburban areas, better productivity from new equipment and more realistic prices for our product yielded a satisfying improvement in profitability.

The replacement programme for our ready-mix trucks has been accelerated in the past year to give us better payloads from use of the latest truck models.

Concrete pipe: The sales mix changed in 1972, with less large diameter pipe for public works and more small pipe for residential and commercial construction, causing some imbalance in our production facilities. Operating results however maintained the levels of the previous year, and we look for some improvement in the coming year.

The Toronto plant has been enlarged and additional manufacturing facilities have been installed at both the Toronto and London plants, now giving us capacity beyond the current market requirements.

Precast concrete products: In May 1972 we purchased Oaks Precast Industries Limited and its subsidiary Oaks Transport Limited of Guelph, Ontario, a leading producer of precast concrete manholes and catch basins, thus effecting an entry into a new and rapidly growing product market closely allied to our existing concrete pipe business.

Results for the past year have been satisfactory, and customer demand led to an early decision to start up a second major plant for Oaks in the Toronto area, which will come into production in May, 1973. Additional kilns have been built at the Guelph plant to enlarge its productive capacity.

Other products: The company also operates asphalt plants, concrete block plants and builders' supply businesses, which between them contribute about 10% of our total earnings, and generally showed improved results over the previous year.

Acquisitions during the year included a concrete block business in Sarnia and Jiffy Dry-Mix Concrete Products Ltd. in Toronto, a manufacturer of bagged dry-mix concrete and other products. A major new asphalt plant has been built in Hamilton and is just going into production.

Bob Abbott washing down his mixer truck at the end of the day.

Art Robichaud at the controls of rail-car unloading equipment at the King Street yard of McCord & Company.

Harry Bird, Superintendent of Yards for McCord & Company, talks to Harry Glover driving one of our concrete trucks.

OPERATIONS — CONSTRUCTION CONTRACTS

Paving and road building contract work constitutes about 15% of the company's total sales with a proportionate contribution to earnings. The value of contract work completed during the year was unchanged from the previous year. We expect improved earnings from this division in the coming year.

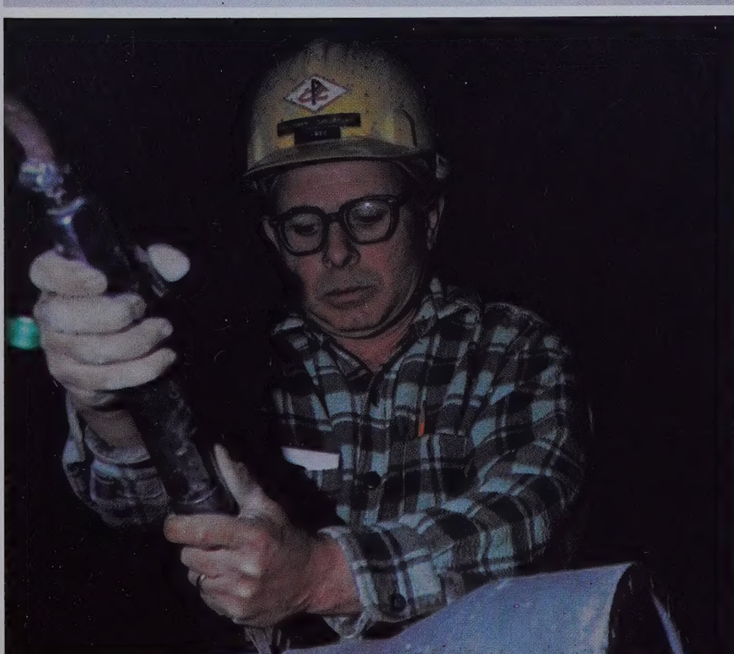
LABOUR RELATIONS

Collective agreements for two years were successfully negotiated during the past year with the labour union locals representing our employees, except for one which is still under negotiation; settlements were in line with others concluded in the industry. The negotiating calendar for the company is therefore almost complete until the spring of 1974.

Outside the company there are many agreements to be negotiated in the Ontario construction industry at large; however, a generally better atmosphere towards settlements without work disruption appears to prevail.

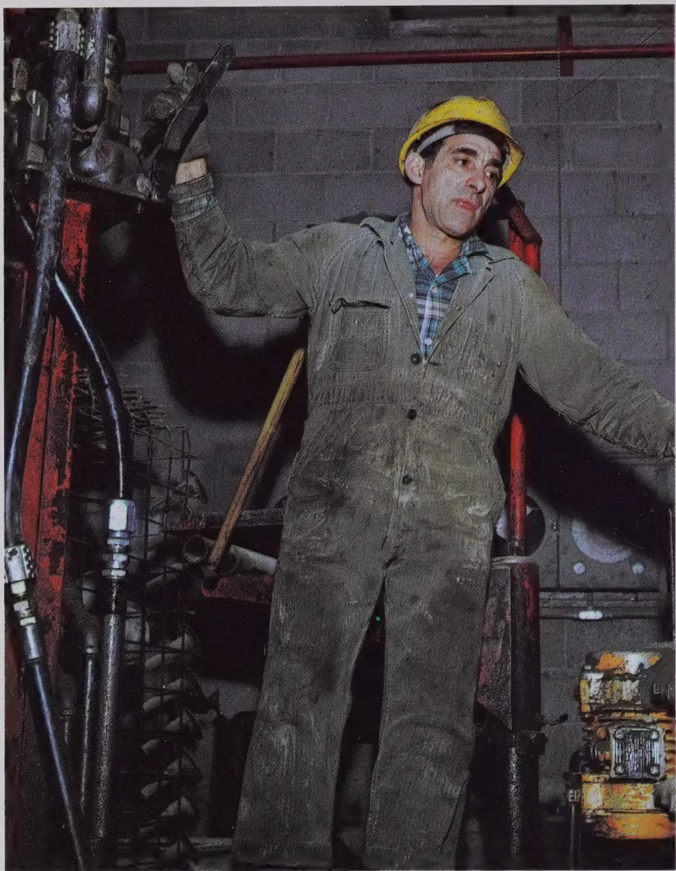
Joe Dobusz and Nick Iammatteo finishing the interior of 48" x 96" Manhole Tee.

Jimmy Chiarelli uses an air hammer in fabricating a specialty concrete pipe.



Stan Wade, Senior Field Inspector for Concrete Pipe Company, discusses pipe installation techniques with a customer.

The 96" diameter concrete pipe is being supplied to Elmford Construction Co. Ltd. for a sewer line in Mississauga, Ontario.



Ernesto Bosa is a machine operator at Oaks Plant in Guelph. Here he is operating a machine for the manufacture of catch-basins.

CORPORATE DEVELOPMENT

Our corporate development department continually searches out and studies business situations which might afford our company an opportunity for profitable growth and expansion, in areas allied to our present range of activities. Development activities include selection and evaluation of existing businesses, search for desirable new plant locations, market studies, and testing of capital investment proposals. Growth acquisitions in the past year have already been reviewed earlier in this report. We expect that other projects will mature in the current year.

OUTLOOK

The economy of the metropolitan Toronto area and of our principal markets in Ontario remains buoyant. Projections of residential, commercial and industrial construction in this area indicate a continuing high level of activity through the 1973 season. A satisfactory volume of contract work is also projected in our Nova Scotia area of operations.

For the coming year we can therefore see no slackening in the demand for our major product lines. While costs are increasing, we expect that obtainable price levels will cover the increases. Additional profit contributions should be realized from recent acquisitions and expansion projects. We think that a normal increase in earnings will be obtained in the current fiscal year.

Capital expenditures in the current year to provide for regular replacement and upgrading of plant and equipment, maintenance of gravel reserves and completion of work now in progress will be approximately $4,500,000. Growth and development projects are continually being pursued, and any selected for acquisition will involve additional commitments, although the amount likely to be involved cannot be foreseen at this stage.

APPRECIATION

Our employees, with their wide range of varied skills, are essential to the success of our operations. In this report is pictured a small cross-section of the people who are employed in the company and the work they do; we extend our thanks to all the company's employees for their contribution to a successful year. We also acknowledge the continuing interest and support extended by shareholders, customers and suppliers.

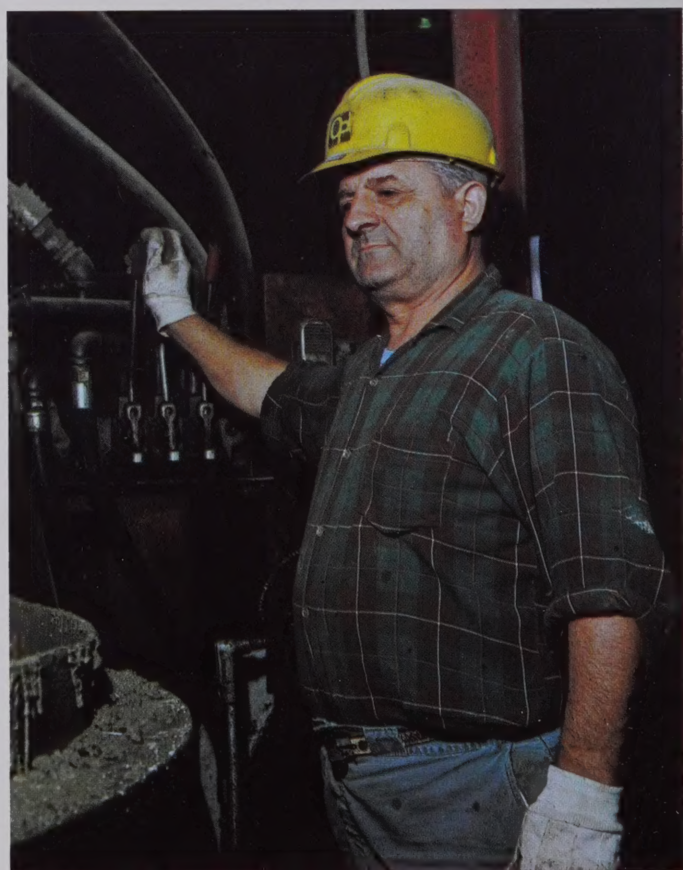
On behalf of the Board,

J. H. Reid

J. H. Reid, Chairman

Hugh F. Grightmire

Hugh F. Grightmire, President



Gino Ravazzolo, machine operator, is producing a 48" manhole section at the Guelph Plant.

STANDARD PAVING & MATERIALS, LIMITED

CONSOLIDATED INCOME
Year ended March 31, 1973

	In Thousands of Dollars 1973	1972
REVENUE		
Sales and contract revenue	$ 53,377	$ 45,251
Income from investments	292	184
	53,669	45,435
EXPENSE		
Cost of sales and operating expenses	41,820	37,210
Administration and selling	3,749	3,151
Depreciation and depletion	2,908	2,351
Interest on long-term debt	330	210
Other interest expense	32	56
	48,839	42,978
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	4,830	2,457
Income taxes (note 5)	2,240	1,076
INCOME BEFORE EXTRAORDINARY ITEMS	2,590	1,381
*Per share**	*.84*	*.45*
Profit on disposal of properties, net of income taxes thereon of $309,000 (1972: $10,000)	2,205	545
Profit on disposal of shares of subsidiary company (note 1(a))	120	—
NET INCOME	$ 4,915	$ 1,926
*Per share**	*1.59*	*.63*

CONSOLIDATED RETAINED EARNINGS
Year ended March 31, 1973

	1973	1972
Retained earnings at beginning of year	$ 13,200	$ 11,812
Net income	4,915	1,926
Dividends	(772)	(538)
*Per share**	*.25*	*.17½*
Excess of cost of shares of subsidiary company over book value of underlying assets (note (1(a))	(324)	—
RETAINED EARNINGS AT END OF YEAR	$ 17,019	$ 13,200

* Reflecting the 3 for 1 share split approved on November 22, 1972

FINANCIAL STATEMENTS

STANDARD PAVING & MATERIALS, LIMITED

(Incorporated under the laws of Ontario)

CONSOLIDATED FINANCIAL POSITION

March 31, 1973

	In Thousands of Dollars	
	1973	1972
CURRENT ASSETS		
Cash and bank deposits	$ 3,464	$ 3,149
Accounts receivable	6,550	4,145
Mortgages receivable, current portion	221	23
Inventories (note 2)	2,624	2,216
Income taxes recoverable	—	251
Prepaid expenses	562	468
	13,421	10,252
CURRENT LIABILITIES		
Accounts payable and accrued	6,490	5,008
Dividends payable	248	154
Income taxes	1,354	—
Long-term debt, current portion	1,126	523
	9,218	5,685
WORKING CAPITAL	4,203	4,567
MORTGAGES RECEIVABLE, excluding current portion	1,259	560
INVESTMENT IN ASSOCIATED COMPANY, at cost	13	13
PROPERTY, PLANT AND EQUIPMENT, at cost less accumulated depreciation and depletion (note 3)	23,383	18,866
	28,858	24,006
Deduct		
Long-term debt — secured (note 4)	4,085	3,408
Deferred income taxes (note 1(d))	4,357	3,467
Deposit on optioned property	—	598
	8,442	7,473
SHAREHOLDERS' EQUITY	$ 20,416	$ 16,533
Derived from:		
Capital stock (note 7)		
Authorized — 4,000,000 common shares of no par value		
Issued — 3,093,888 shares (1972: 3,072,888 shares)	$ 3,397	$ 3,333
Retained earnings	17,019	13,200
Total Shareholders' Equity	$ 20,416	$ 16,533

Approved by the Board:

J. H. REID, Director.

HUGH F. GRIGHTMIRE, Director.

FINANCIAL STATEMENTS

STANDARD PAVING & MATERIALS, LIMITED

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
Year ended March 31, 1973

	In Thousands of Dollars	
SOURCE OF FUNDS	**1973**	1972
Income before extraordinary items	$ 2,590	$ 1,381
Depreciation and depletion	2,908	2,351
Deferred income taxes	752	807
Funds from operations	6,250	4,539
Mortgages receivable, reduction in non-current portion	606	34
Increase in long-term debt	1,694	1,090
Profit on disposal of properties	2,205	545
Profit on disposal of shares of subsidiary company (note 1(a))	120	—
Exercise of officer's share purchase option	65	—
Deposit on optioned property (note 8)	(598)	598
	10,342	6,806
APPLICATION OF FUNDS		
Additions to property, plant and equipment, net	6,388	5,562
Dividends	772	538
Reduction in long-term debt	1,018	595
Increase in mortgages receivable	1,306	400
Purchase of shares of subsidiary companies, less working capital at the date of acquisition	1,222	—
	10,706	7,095
DECREASE IN WORKING CAPITAL	(364)	(289)
Working capital at beginning of year	4,567	4,856
Working capital at end of year	$ 4,203	$ 4,567

AUDITORS' REPORT

To the Shareholders of
Standard Paving & Materials, Limited

We have examined the consolidated financial statements, appearing on pages 9 through 13, of Standard Paving & Materials, Limited and subsidiary companies for the year ended March 31, 1973. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
May 2, 1973.

THORNE GUNN & CO.,
Chartered Accountants.

STANDARD PAVING & MATERIALS, LIMITED

1. ACCOUNTING POLICIES

a) Basis of Consolidation

The acompanying consolidated financial statements include the accounts of Standard Paving & Materials, Limited and its subsidiaries, which are all wholly owned.

During the year the company acquired all the outstanding shares of Oaks Precast Industries Limited, Guelph, Ontario, and Jiffy Dry-Mix Concrete Products Limited, Toronto. The purchase accounting method has been used for both these acquisitions, and their operations have been included from the dates of acquisition (June 1, 1972 and February 1, 1973 respectively) in the accompanying consolidated statements of income, retained earnings, and source and application of funds. The purchase price of Oaks Precast Industries Limited included $324,000 representing the excess of the purchase price over the values assigned to the tangible assets acquired, and this excess has been written off against consolidated retained earnings.

On January 31, 1973, the company sold its shares of National Sand and Material Company, Limited, a wholly owned subsidiary, and realized a profit of $120,000. Operations of this subsidiary are included in the consolidated financial statements up to the date of disposal, and this period included its normal operating season, accounting for approximately 2% of the consolidated sales and income during the year.

b) Amalgamation

Standard Paving & Materials, Limited, the parent company, amalgamated effective April 1, 1973 with two of its wholly owned subsidiary companies, S. P. & M. Materials Limited and Stouffville Sand & Gravel Limited. Commencing with the new fiscal year, the business of all three companies will be conducted under the name Standard Paving & Materials, Limited.

c) Investment in Associated Company

The company owns a one-third interest in National Slag Limited. Dividends received are included in income from investments.

d) Deferred Income Taxes

The company uses the tax allocation method of providing for income taxes. Under this method, timing differences between reported and taxable income (which occur when revenues and expenses reflected in the financial statements in one year are considered for tax purposes in another year) result in increases or decreases in deferred income taxes.

e) Interim Financial Reports

Depreciation, depletion, repair and overhaul and other fixed overhead costs are provided for on an annual basis in relation to anticipated sales volume for the year and are charged against operations based on the sales volume during each interim period.

2. INVENTORIES

	In Thousands of Dollars	
	1973	1972
Finished materials and products	$ 2,050	$ 1,693
Raw materials and supplies	574	523
	$ 2,624	$ 2,216

Inventories of finished materials and products are valued at the lower of average annual cost and net realizable value. Inventories of raw materials and supplies are valued at the lower of laid-down cost and replacement value, less any allowance for deterioration or obsolescence.

3. PROPERTY, PLANT AND EQUIPMENT

	1973	1972
Land and gravel deposits	$ 6,798	$ 6,155
Buildings, plant and equipment	36,382	33,344
Construction work-in-progress	647	372
	43,827	39,871
Less accumulated depreciation and depletion	20,444	21,005
	$ 23,383	$ 18,866

Plant and equipment are depreciated over their estimated useful lives (buildings 25 years, plant and equipment 5 to 10 years) on a straight line basis. Gravel deposits as sources of material are depleted over their estimated useful lives on the basis of quantities extracted.

The Company leases part of its equipment requirements. Equipment rental expense in 1973 amounted to $520,000; commitments for equipment rentals amount to $420,000 in 1974, $140,000 in 1975, and thereafter the amounts are not significant. Annual commitments for gravel royalties and land and building rentals amount to approximately $160,000.

4. LONG-TERM DEBT — SECURED

	In Thousands of Dollars	
	1973	1972
Bank term loans due 1973/1978 (interest rates fluctuating with the prime rate)	$ 3,083	$ 2,786
Mortgages payable, due 1973/1983 (interest at 6.7% - weighted average)	2,128	1,045
Other secured debt	—	100
	5,211	3,931
Less current portion	1,126	523
	$ 4,085	$ 3,408

Long-term debt matures as follows in the years ending March 31, 1974 $1,126,000; 1975 $1,311,000; 1976 $1,250,000; 1977 $800,000; 1978 $394,000.

5. INCOME TAXES

Through the application of special tax credits based on the acquisition of new plant and equipment, 1973 provincial income taxes have been reduced by $120,000 ($70,000 in 1972). Federal income taxes provided for the year have been calculated based on the Income Tax Act and Regulations as they existed at March 31, 1973, and do not reflect the reduced income tax rates that the federal government indicated would be available to manufacturers and processors from January 1, 1973.

6. PENSION PLAN

The company's share of the unfunded past service liabilities of the company's pension plans amounts to $230,000 to be funded over 17 years.

7. CAPITAL STOCK

On November 22, 1972, the shareholders approved a 3 for 1 split of the then issued 1,031,296 shares of the company, thus raising the number of shares issued to 3,093,888, and also approved an increase in the authorized capital of the company to 4,000,000 shares of no par value.

During the year, an option to purchase 7,000 old shares (21,000 new shares) was exercised for an aggregate cash consideration of $65,000. At March 31, 1973, there remained outstanding an officer's option to purchase 54,000 new shares at $3.075 per share. This option expires July 31, 1977.

8. DEPOSIT ON OPTIONED PROPERTY

An option covering the sale of property was granted in 1972, and the optionor deposited the full purchase price of $598,000. The option was exercised and the sale completed in December, 1972; the resulting profit of $421,000 is included in "Profit on disposal of properties".

9. OTHER STATUTORY INFORMATION

a) Total direct remuneration of directors and senior officers amounted to $269,000 ($227,000 in 1972).

b) In connection with the purchase of the shares of Oaks Precast Industries Limited and of Jiffy Dry-Mix Concrete Products Limited and the assets of the concrete block division of Belton Lumber Company Limited, Sarnia, Ontario:

		In Thousands of Dollars
Total net assets acquired at book value		$ 1,334
Adjustment of net assets to fair value		169
Excess of the purchase price of Oaks Precast Industries Limited over the fair value assigned to the net assets (This amount has been written off to consolidated retained earnings)		324
		$ 1,827
Total net assets acquired:		
for cash	$ 1,702	
with funds obtained by long-term borrowing	125	$ 1,827

Financial Summary in thousands of dollars (except per share amounts)

STANDARD PAVING & MATERIALS LIMITED

years ended March 31

	1973	1972	1971	1970
Income				
Sales and contract revenue	**53,377**	45,251	39,864	39,652
Income before extraordinary item	**2,590**	1,381	781	871
Profit on disposal of properties and shares	**2,325**	545		1,013
Net income	**4,915**	1,926	781	1,884
Financial Position				
Working capital	**4,203**	4,567	4,856	4,632
Fixed assets — net	**23,383**	18,866	15,655	14,907
Other assets	**1,272**	573	207	927
	28,858	24,006	20,718	20,466
Long term debt	**4,085**	3,408	2,913	2,992
Deferred income taxes	**4,357**	3,467	2,660	2,598
Minority interest in subsidiaries				
Deposit on optioned property		598		
	8,442	7,473	5,573	5,590
Shareholders' equity	**20,416**	16,533	15,145	14,876
Source and Application of Funds				
Income before extraordinary item	**2,590**	1,381	781	871
Depreciation and depletion	**2,908**	2,351	2,177	2,026
Deferred income taxes	**752**	807	62	405
Funds from operations	**6,250**	4,539	3,020	3,302
Profit on disposal of properties and shares	**2,325**	545		1,013
Long-term debt increase (decrease)	**676**	495	(80)	187
	9,251	5,579	2,940	4,502
Capital expenditures — Net	**6,388**	5,562	2,925	3,006
Acquisition of new subsidiaries	**1,222**			
Dividends	**772**	538	512	666
Mortgages receivable increase (decrease)	**700**	366	(720)	735
Other	**533**	(598)		286
	9,615	5,868	2,717	4,693
Increase (decrease) in working capital	**(364)**	(289)	223	(191)
Per Share*				
Income before extraordinary item	**.84**	.45	.25	.28
Profit on disposal of properties and shares	**.75**	.18		.33
Net income	**1.59**	.63	.25	.61
Dividends	**.25**	.17½	.16⅔	.21

* Reflecting the 3 for 1 share split approved on November 22, 1972.

	1969	1968	1967	1966	1965	1964
	42,865	36,796	40,925			
	1,202	250	142	1,149	1,005	698
	28	861		236		365
	1,230	1,111	142	1,385	1,005	1,063
	4,823	3,789	2,004	2,795	5,049	5,084
	13,928	11,088	12,189	11,573	7,396	6,736
	191	344	222	152		
	18,942	15,221	14,415	14,520	12,445	11,820
	2,805	1,064	1,081	1,075	39	40
	2,479	1,525	1,608	1,220	675	348
						1,298
	5,284	2,589	2,689	2,295	714	1,686
	13,658	12,632	11,726	12,225	11,731	10,134
	1,202	250	142	1,149	1,005	698
	1,685	1,763	1,729	1,820	1,177	1,004
	954	(41)	387	546	327	197
	3,841	1,972	2,258	3,515	2,509	1,899
	28	861		236		365
	1,742	(17)	5	914	(1)	(62)
	5,611	2,816	2,263	4,665	2,508	2,202
	4,524	675	2,345	4,745	1,538	1,548
				1,397	304	182
	205	205	640	666	512	410
	(29)	121	(65)	111		
	(123)	30	134		189	(65)
	4,577	1,031	3,054	6,919	2,543	2,075
	1,034	1,785	(791)	(2,254)	(35)	127
	.39	.08	.05	.37	.33	.23
	.01	.28		.08		.12
	.40	.36	.05	.45	.33	.35
	.06⅔	.06⅔	.20⅚	.21⅔	.16⅔	.13⅓

Directors, Officers and Management

DIRECTORS

S. C. COOPER
President of C. A. Pitts Engineering Construction Ltd.

HUGH F. GRIGHTMIRE
President of the Company

J. B. HANLY
Consultant — former Vice-President of Canada Cement Lafarge Ltd.

I. L. JENNINGS
Vice-President of the Company

P. JONGENEEL
Senior Vice-President and Treasurer of Canada Cement Lafarge Ltd.

D. G. LAWSON
President of Moss Lawson & Co. Limited

J. H. REID
Chairman of the Board of the Company

T. H. STEVENSON
President of Permanent Concrete Company

OFFICERS

J. H. REID
Chairman of the Board

HUGH F. GRIGHTMIRE
President

T. A. WILCOX
Executive Vice-President

T. D. JONES
Vice-President and Secretary-Treasurer

A. H. BAXTER
Vice-President

E. F. FORD
Vice-President

I. L. JENNINGS
Vice-President

M. E. McRAE
Vice-President

R. F. TITUS
Vice-President

G. H. HAWKETT
Comptroller

E. J. HADDEN
Assistant Secretary-Treasurer

MANAGEMENT OF SUBSIDIARIES AND DIVISIONS

A. H. BAXTER
General Manager, Red-D-Mix Concrete Company, Standard Paving Company and North Bay Concrete & Supply Company
Vice-President, E. V. Breckon Limited

E. F. FORD
General Manager, McCord & Company and York Block and Building Supply

I. L. JENNINGS
General Manager, Consolidated Sand & Gravel, Company

M. E. McRAE
General Manager, Concrete Pipe Company
Vice-President, Oaks Precast Industries Limited and Oaks Transport Limited

R. F. TITUS
President, Standard Paving Maritime Limited

Registrar and Transfer Agents	CANADA PERMANENT TRUST COMPANY *1901 Yonge Street, Toronto*
Auditors	THORNE GUNN & CO. *Chartered Accountants* *Royal Trust Tower* *Box 262, Toronto Dominion Centre* *Toronto, Ontario*
Bankers	CANADIAN IMPERIAL BANK OF COMMERCE BANK OF NOVA SCOTIA ROYAL BANK OF CANADA

Corporate Organization*

STANDARD PAVING & MATERIALS, LIMITED

carries on business through its operating divisions and subsidiaries —

OPERATING DIVISIONS

Consolidated Sand & Gravel, Company — production of sand and gravel, and asphalt mixes.

McCord & Company — ready-mixed concrete in the Toronto Metropolitan area and Oshawa.

Red-D-Mix Concrete Company — ready-mixed concrete in Hamilton, North Bay and south-west Ontario, and asphalt mixes.

York Block and Building Supply — manufacture of concrete block and sale of builders' supplies.

Concrete Pipe Company — manufacture of concrete pipe and related products.

Standard Paving Company — paving and road-building.

North Bay Concrete and Supply Company — production of sand and gravel, and asphalt mixes.

SUBSIDIARIES (WHOLLY OWNED)

Oaks Precast Industries Limited and Oaks Transport Limited
manufacture of precast concrete manholes and precast specialty items.

Standard Paving Maritime Limited
paves streets and builds roads in Nova Scotia.

E. V. Breckon Limited
hauls liquid asphalt and other materials for asphalt mix and ready-mix concrete producers in south-central Ontario.

Jiffy Dry-Mix Concrete Products Limited
manufacture of bagged dry-mix concrete and other products.

(* following the amalgamation on April 1, 1973 of Standard Paving & Materials, Limited with its subsidiaries S. P. & M. Materials Limited and Stouffville Sand & Gravel Limited)

Products and Locations

SAND AND GRAVEL PLANTS

Paris, Ont. (2 plants)	Stouffville
Guelph	Pickering
Mono Mills	North Bay

ASPHALT MIX PLANTS

Paris, Ont.	Toronto
Guelph	Hamilton
Pickering	North Bay
Halifax, N.S.	Kentville, N.S.

CONCRETE BLOCK PLANTS

Richmond Hill	Sarnia

CONCRETE PIPE PLANTS

Mississauga (Toronto)	London, Ont.

PRECAST CONCRETE MANHOLES AND SPECIALTY ITEMS

Guelph	Markham (Toronto)

PAVING AND ROAD-BUILDING

Hamilton, Ont.	Halifax, N.S.
North Bay, Ont.	Kentville, N.S.

READY-MIXED CONCRETE PLANTS

McCord & Company —

Metropolitan Toronto (3 plants)

Mississauga	Oshawa
Richmond Hill	Ajax

Red-D-Mix Concrete Company —

Hamilton (3 plants)	Milton
Beamsville	Niagara Falls
Brantford	North Bay
Burlington, Ont.	Sarnia
Delhi	St. Catharines
Fort Erie	St. Thomas
Georgetown	Strathroy
Guelph	Welland
London, Ont.	Windsor

DRY-MIX CONCRETE

Toronto

Printed in Canada